

which are specifically prescribed by CCC including, but not limited to, the following:

- (1) Preparing and executing loan and LDP documents;
- (2) Disbursing loan and LDP proceeds;
- (3) Accepting loan repayments;
- (4) Handling documents involved with forfeiture of loan collateral to CCC; and
- (5) Providing loan, LDP, and accounting data to CCC for statistical purposes.

Transfer means, depending on the context, the process for a producer or an authorized agent of the producer to:

- (1) Physically relocate cotton loan collateral from one CCC-approved warehouse to another CCC-approved warehouse,
- (2) Exchange an electronic warehouse receipt for a receipt certificated by a warehouse for delivery under a futures contract without physically relocating the cotton, or
- (3) Do both of the above.

Upland cotton means planted and stub cotton which is produced in the United States from other than pure strain varieties of the Barbados species, any hybrid thereof, or any other variety of cotton in which one or more of these varieties predominate.

Warehouse receipt means a receipt containing the required information specified in this part that may or may not be certificated for delivery for a futures-pricing contract, and is an electronic warehouse receipt record issued by such warehouse recorded in a central filing system or systems maintained in one or more locations that are approved by FSA to operate such system.

Wet cotton means a bale of cotton that, at a gin, has 7.5 percent or more moisture, wet basis, at any point in the bale.

[67 FR 64459, Oct. 18, 2002, as amended at 71 FR 51427, Aug. 30, 2006; 73 FR 30275, May 27, 2008; 73 FR 65719, Nov. 5, 2008; 75 FR 50849, Aug. 18, 2010; 80 FR 132, 139, Jan. 2, 2015]

§ 1427.4 Eligible producer.

(a) To be an eligible producer, the producer must:

- (1) Be an individual, partnership, association, corporation, estate, trust, or

other legal entity that produces cotton as a landowner, landlord, tenant, or sharecropper;

(2) Comply with all provisions of this part; and

(i) 7 CFR part 12—Highly Erodible Land and Wetland Conservation;

(ii) 7 CFR part 718—Provisions Applicable to Multiple Programs;

(iii) 7 CFR part 1400—Payment Limitation and Payment Eligibility;

(iv) 7 CFR part 1403—Debt Settlement Policies and Procedures; and

(v) 7 CFR part 1405—Loans, Purchases and Other Operations; and

(3) Have made an acreage certification with respect to all the cropland on the farm.

(b) A receiver or trustee of an insolvent or bankrupt debtor's estate, an executor or an administrator of a deceased person's estate, a guardian of an estate of a ward or an incompetent person, and trustees of a trust estate is considered to represent the insolvent or bankrupt debtor, the deceased person, the ward or incompetent, and the beneficiaries of a trust, respectively. The production of the receiver, executor, administrator, guardian, or trustee is considered to be the production of the person or estate represented by the receiver, executor, administrator, guardian, or trust. Loan and loan deficiency payment documents executed by any such person will be accepted by CCC only if they are legally valid and such person has the authority to sign the applicable documents.

(c) A minor who is otherwise an eligible producer shall be eligible to receive loans and loan deficiency payments only if the minor meets one of the following requirements:

(1) The right of majority has been conferred on the minor by court proceedings or by statute;

(2) A guardian has been appointed to manage the minor's property and the applicable loan or LDP documents are signed by the guardian;

(3) Any note and security agreement or LDP application signed by the minor is co-signed by a person determined by CCC to be financially responsible; or

(4) A bond is furnished under which a surety guarantees to protect CCC from any loss incurred for which the minor

§ 1427.5

7 CFR Ch. XIV (1–1–16 Edition)

would be liable had the minor been an adult.

(d)(1) If more than one producer executes a note and security agreement with CCC, each such producer is jointly and severally liable for the violation of the terms and conditions of the note and the regulations in this part. Each such producer also remains liable for repayment of the entire MAL amount until the MAL is fully repaid without regard to such producer's claimed share in the commodity pledged as collateral for the MAL. In addition, such producer may not amend the note and security agreement with respect to the producer's claimed share in such commodities, or loan proceeds, after execution of the note and security agreement by CCC.

(2) The cotton in a bale may have been produced by two or more eligible producers on one or more farms if the bale is not a repacked bale.

(e) A CMA may obtain MALs and LDPs on eligible cotton on behalf of its members who are eligible to receive loans or LDPs for a crop of cotton. For purposes of this subpart, the term "producer" includes a CMA.

(f) In case of death, incompetency, or disappearance of any producer who is entitled to the payment of any sum in settlement of a MAL or LDP, payment will, upon application to CCC, be made to the person(s) who would be entitled to the producer's payment under the regulations in part 707 of this title.

(g) Adjusted gross income (AGI) and payment limitation provisions specified in part 1400 of this chapter apply to producer eligibility for MALs and LDPs.

[67 FR 64459, Oct. 18, 2002, as amended at 73 FR 65719, Nov. 5, 2008; 80 FR 132, 139, Jan. 2, 2015]

§ 1427.5 General eligibility requirements.

(a) To receive loans or LDPs for a crop of cotton, a producer must execute a note and security agreement or LDP application on or before May 31 of the year following the year in which such crop is normally harvested.

(1) Form A loan documents or LDP applications must be signed by the applicant and submitted to CCC or a loan servicing agent. Submissions by cotton

clerks must occur within 15 calendar days after the producer signs the forms and within the period of loan availability. A producer, except for a CMA, must request loans and LDPs:

(i) At the FSA county office that is responsible under part 718 of this title for administering programs for the farm on which the cotton was produced; or

(ii) From a loan servicing agent.

(2) Form G loan documents and requests for LDPs by a CMA must be signed by the CMA and delivered to CCC or the cotton commercial bank within the period of loan availability.

(b) For a bale of cotton to be eligible to be pledged as collateral for a MAL or a subject of an LDP application, the bale must:

(1) Be tendered to CCC by an eligible producer;

(2) Be in existence and good condition and be covered by fire insurance. Bales pledged as collateral for a CCC loan, must be stored inside an approved storage warehouse unless, as determined under § 1427.10, CCC has approved the warehouse to use outside storage for cotton loan collateral for the period of the loan. Bales submitted to CCC for an LDP are not subject to the approved storage requirements contained in § 1423.10.

(3) Be represented by a warehouse receipt meeting the requirements of § 1427.11, except as provided in §§ 1427.10(e) and 1427.23(a)(4);

(4) Not be false-packed, wet cotton, water-packed, mixed-packed, reginned, or repacked;

(5) Not be compressed to universal density at a warehouse where side pressure has been applied and not be a flat or modified flat bale;

(6) Not have been sold, nor any sales option on such cotton granted, to a buyer under a contract which provides that the buyer may direct the producer to pledge the cotton to CCC as collateral for a loan or to obtain an LDP ;

(7) Not have been previously sold and repurchased or pledged as collateral for a CCC loan and redeemed except as provided in § 1427.172(b)(4);

(8) Not be cotton for which an LDP has been previously made;

(9) Weigh at least 325 pounds net weight; bales of more than 600 pounds